

DUPLICATE COPY ORIGINAL



**Cincinnati Bell
Telephone®**

R. E. Sigmon
Vice President - Regulatory Affairs

201 E. Fourth St., 102 - 320
P. O. Box 2301
Cincinnati, Ohio 45201
Phone: (513) 397-1260

February 8, 1994

RECEIVED

FEB - 8 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

In the Matter of:)

Simplification of the Depreciation)
Prescription Process)

CC Docket No. 92-296

Dear Mr. Caton:

Enclosed for filing is the original and four copies of Cincinnati Bell Telephone Company's Reply Comments in the above captioned proceeding.

Please date stamp and return the enclosed duplicate copy of this letter as acknowledgement of its receipt. Questions regarding this filing should be directed to Mrs. Lynda Breen at the above address or by telephone on (513) 397-1265.

Sincerely,

Richard T. Findlay
For Vice President

No. of Copies rec'd
List ABCDE

044

DO NOT FILE COPY ORIGINAL RECEIVED

FEB - 8 1994

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

)

CC Docket No. 92-296

Simplification of the Depreciation)

)

Prescription Process)

)

REPLY COMMENTS OF CINCINNATI BELL TELEPHONE COMPANY

On December 6, 1993 Cincinnati Bell Telephone Company ("CBT") filed a Petition for Clarification or, in the Alternative, Reconsideration (hereinafter, the "Petition") of the Commission's October 20, 1993 Order in the above-captioned proceeding (hereinafter, the "*Simplification Order*").¹ Several other parties filed similar petitions on the same date. In its Petition, CBT asked the Commission to clarify that the same modified procedures adopted for price cap carriers will apply to local exchange carriers (LECs) subject to Optional Incentive Regulation (OIR).² The Petition also provided that, in the event the Commission declines to issue such a clarification, CBT (in the alternative) seeks reconsideration of the *Simplification Order*.³

On January 24, 1994 several parties filed comments in opposition to the various petitions for reconsideration and/or clarification of the *Simplification Order*. Of all the

¹ Simplification of the Depreciation Prescription Process, CC Docket No. 92-296, Report and Order, (FCC 93-452), released October 20, 1993.

² CBT Petition, at p. 1.

³ Id., at p. 2.

parties filing such comments, however, no one opposed the clarification sought by CBT's Petition. CBT submits that this lack of opposition provides further evidence that its request for clarification is reasonable and should be granted.

In addition, since filing its Petition CBT has become subject to OIR. Its OIR filing was approved by the Commission, and the rates proposed therein took effect on January 15, 1994. As an OIR carrier, CBT has no incentive to arbitrarily increase depreciation expenses. As with price cap regulation, depreciation expense is now an *endogenous* cost for CBT. Therefore, the direct relationship between depreciation expenses and rates to consumers, which exists under rate of return regulation where depreciation expenses are given *exogenous* treatment, has in any event been eliminated under OIR. Consequently, the rationale given by the Commission for excluding rate of return LECs from the modified procedures adopted in the *Simplification Order* is not applicable to OIR carriers. In recognition of this fact, the *Simplification Order* should be clarified in accordance with CBT's Petition.

Respectfully submitted,

FROST & JACOBS

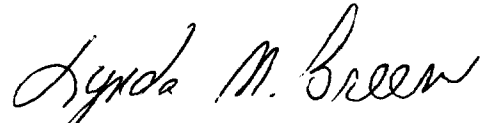
By Thomas E. Taylor (c.j.w.)
Thomas E. Taylor
Christopher J. Wilson
2500 PNC Center
201 East Fifth Street
Cincinnati, Ohio 45202
(513) 651-6800

Attorneys for Cincinnati Bell
Telephone Company

Dated: February 8, 1994

Certificate of Service

I, Lynda M. Breen, do here by certify on this 8th day of February, 1994, that I have caused a copy of the foregoing Cincinnati Bell Telephone Company's Reply Comments, to be mailed via first class United States Mail, postage prepaid, to the persons on the attached Service List.


Lynda M. Breen

Mr. William F. Caton, Acting Sec'y. *
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

International Transcription Service *
1919 M Street, N.W., Room 246
Washington, D.C. 20036

Fatima Franklin *
Chief, Depreciation Rates Branch
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20554

Judith Nitsche *
Tariff Review Division
1919 M Street, N.W., Room 518
Washington, D.C. 20554

Kathleen Levitz *
Acting Chief Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 500
Washington, D.C. 20554

Kenneth Moran *
Chief Accounting & Audits Division
Common Carrier Bureau
Federal Communications Commission
2000 L Street, N.W., Room 812
Washington, D.C. 20036

Paul Rodgers
General Counsel
NARUC
1102 ICC Building
Post Office Box 684
Washington, D.C. 20044

NARUC
Charles D. Gray
Assistant General Counsel
1102 ICC Building
Post Office Box 684
Washington, D.C. 20044

James Bradford Ramsay
Deputy Asst. Gen. Counsel
NARUC
1102 ICC Building
Post Office Box 684
Washington, D.C. 20044

AT&T
Mark C. Rosenblum
Robert J. McKee
Peter H. Jacoby
295 North Maple Avenue
Room 3252G1
Basking Ridge, New Jersey
Washington, D.C. 07920

MCI TELECOMMUN. CORP.
Elizabeth Dickerson
Manager Federal Reg.
1801 Pennsylvania Ave, NW
Washington, D. C. 20006

Frank W. Lloyd
Kecia Boney
Mintz, Levin, Cohn,
Ferris, Glovsky and
Popeo, P.C.
701 Pennsylvania Ave, NW
Suite 900
Washington, D.C. 20004

California Cable Televeison Assoc.
Alan J. Gardner
Vice President, Regulatory Affairs
4341 Piedmont Avenue
Post Box 11080
Oakland, California 94611

via Hand Delivery *